

MCA/Calling Scope Task Force Agenda
July 7, 2004 Meeting
Minutes

Task Force Members in Attendance:

Senator Jim Matthewson
Senator John Griesheimer
Representative Bob Johnson
Representative Rachel L. Bringer
Bill Biere
Mike Dandino
Larry Dority sat-in for Arthur Martinez
Natelle Dietrich
John Idoux
Michael Pauls sat-in for Matt Kohly (see below)
Craig Unruh
John Van Eschen
William Voight

Other attendees present: Walt Cecil, Megan Word, Bill Gamble, Craig Johnson, Mimi MacDonald, Toni Messina, Becky Powell, Renee Reeter, Mike Scheperle, Ric Telthorst, John Zieler, Marc Poston.

Housekeeping

Matt Kohly has resigned from the Task Force due to job change. Michael Pauls of AT&T sat-in on meeting. The Missouri Telecommunications Industry Association will need to submit a letter to the case file to recommend a replacement for Mr. Kohly. The Task Force briefly discussed that the Commission has not formally ruled whether a fifth MTIA member may sit on the Task Force.

The Commission has allowed the companies represented on the Task Force to delay filing illustrative tariffs until July 19.

We intend to post Task Force notes/minutes on the Commission's website after review by the Task Force.

Discussion of Previous Meeting's Notes

Approval of June 24, 2004 minutes with revision to page 3 of 4 (II. Local Calling Scopes, 2nd bullet) to read "The Task Force members will work together to update this information by identifying new expanded calling plans offered by a representative sample of telecommunications companies."

I. Table Identifying Toll-free Calling Plans Available in Each Exchange

- PSC Staff member Mike Scheperle presented and described a table identifying toll-free calling plans available in each exchange. The 43 page table, along with one page explanation of various optional calling plans, is still a work in progress but it attempts to identify the following information:
 1. 1st column of table – the telephone exchange.
 2. 2nd column of table – the exchange’s Extended Area Service (EAS) routes, if any.
 3. 3rd column of table – whether the exchange is currently in the Metropolitan Calling Area (MCA) plan and, if so, which tier.
 4. 4th column of table - Other noteworthy calling plans available within the exchange by the incumbent local exchange carrier (ILEC).
 5. 5th column of table – the name of the ILEC serving the exchange.
- Task Force members questions/comments about the table:
 - What is a typical EAS route?
 - What were the sources for information? (Tariffs)
 - Is it possible to have EAS and MCA simultaneously? (Yes).
 - It was noted the EAS rule has been rescinded and that any such existing routes and rates are legacies from the past.
 - Numerous providers offer voluntary EAS-like services.
- The Task Force recommended that this table should attempt to include the following information:
 - Calling plans offered by large Competitive Local Exchange Carriers (CLECs). It was noted some CLECs may offer unlimited nationwide flat rated calls.
 - Significant calling plans offered by some of the large Interexchange Carriers (IXCs). It was noted some long distance companies may offer calling plans in some exchanges but not other exchanges. Perhaps the long distance company’s web site could help determine whether a particular plan is available in a specific exchange. The industry may also provide some assistance.
 - Residential EAS rates and local service rates. Mike Dandino offered assistance in helping identify these rates.
 - Other comments about the table: Putting all this information on a single table may make the table too busy. Rather than have a single table, perhaps the table should show products by company or a table showing companies and products by county.
- Questions/discussion about the status of competition within the market for basic local telephone service.

- Representative Johnson wants to know who the “big-3” competitors are in the metropolitan areas and their respective market shares.
- Discussion about “effective competition” and various cases before the Commission to determine the existence of effective competition. The following exchanges in SBC territory have been determined to have effective competition for basic local telephone service: St. Charles (residential only), Harvester (residential only), Kansas City (business only), St. Louis (business only). The following exchanges in Sprint territory have been determined to have effective competition: Kearney, Rolla, Norborne (both residential and business).
- SBC noted it is incorrect to look at competition solely by line count. Such an evaluation should include:
 - Examination of long distance carriers services and shares;
 - Wireless services providers services and shares;
 - Internet[-telephony] services and shares;
- Senator Griesheimer noted that consumers want convenience and do not want to change
 - COS (community optional service) was a good idea;
 - Consumers want an expanded calling scope at a competitive price;
 - Consumers want someone to be responsible (quality of service issues);
 - He supports expansion of the MCA to get an expanded calling scope at a competitive price.
- Most companies are sensitive to releasing figures showing the number of customers served. The Missouri Commission receives such information in a company’s annual report; however most companies classify such information as confidential. The table will not attempt to identify market share information or the status of competition within a specific exchange. Exchanges where the Commission has declared effective competition exists could be identified.

II. Draft Outline of Report

Senator Matthewson:

- Noted the key to any changes lies in identifying the economic impact to companies, customers, and other impacted entities;
- Wishes Staff would prepare and present a plan to the Task Force that makes sense;
- Under any proposed plan the impacts should be identified in order to allow serious evaluation and discussion.

Various industry representatives:

- The Commission cannot legally order the companies to expand calling scopes.
- The companies have and will continue to object to the M2A proposal.
- Difficulties exist in identifying projected financial impacts of any proposal.
 - May be possible to identify lost toll revenue;

- May not be possible to readily identify lost access revenue;
 - What about the financial impact to long distance companies?
 - Many companies will consider such financial impact information to be highly confidential.
 - Perhaps the Task Force needs to conceptually discuss the method used to identify the projected \$8.8 million financial impact of the MCA-2 proposal. Such an exercise may highlight the difficulties of identifying the financial impact of any proposal. Identifying projected financial impacts of the MCA-2 proposal took a long time to develop and identify (one year?).
- Senator Matthewson noted the companies are resisting any action put forward by the other parties. He asks, “What will you do?”
 - John Idoux (Sprint): The industry is unanimous in its opposition to the MCA-2 proposal. The industry may be willing to consider other issues and proposals that include fair compensation.
 - Representative Johnson: Doesn’t believe the companies will accept expanded calling. The companies are reluctant to give-up any revenues.
 - Senator Matthewson: Suggests the industry bring written proposals to the next meeting and let the Task Force consider and vote on them. A proposed plan should be discussed with the public and implemented within a few years. He expressed skepticism that the companies will want to do anything.
 - Mike Dandino (Office of the Public Counsel): Volunteered to prepare and offer potential expansion plans for the next meeting. He volunteered to lay ground work for public meetings.
 - Ric Telthorst (MTIA, Missouri Telecommunications Industry Association): “Without a survey and with a lack of empirical data, how can a plan be crafted that will satisfy the needs of consumers and service providers?”
 - Craig Unruh (SBC): Shares frustrations of participants; but,
 - Commission lacks the legal authority to order expanded calling scopes;
 - We’re taking the wrong approach. We should not attempt to micro-manage the industry. The market should dictate what calling plans should be available, not regulators;
 - The Commission should not mandate that companies offer certain mandatory plans. The world has changed since 1992.

If the industry believes the Commission should not mandate the offering of certain new calling plans, what should or could be done to encourage the companies to offer new expanded calling plans?

- Michael Pauls (AT&T): Fix the switched access rate problem where Missouri has high switched access rates. (Switched access rates are the inter-company compensation rates long distance companies pay to local telephone companies in originating and terminating long distance calls.) He notes Kansas has low access rates and appears to have no EAS or MCA problems. The Kansas Universal Service Fund works well.

- Craig Unruh (SBC): Price Cap regulated companies have big disadvantage compared to competitive companies. The pricing restrictions placed on price cap regulated companies are a problem.
- Bill Voight (Commission Staff): He intends to introduce a proposal to create a Rural Calling Area at the next meeting. The plan would institute a bill-and-keep expanded local calling area allowing rural contiguous exchanges to call each other. The Task Force should recommend the Commission create a rule allowing geographic deaveraging. The Task Force should recommend the Commission reform current access charge system as envisioned by AT&T.
- Mimi MacDonald (SBC): Who is the industry? Who must follow any mandates?
- Ric Telthorst (MTIA): The task is daunting. Must include IXC's, CLEC's, ILEC's and customers' self interests into account. Two weeks (time until the Task Force's next meeting) is too short.
- Larry Dority: CenturyTel has done some work in the development of expanded calling plans. For instance the company has held Focus Groups in Rock-Away Beach and has considered establishing various calling plans.
- Senator Matthewson: If there is no clear direction or specific proposals to consider after the next meeting then we should call an end to the Task Force. Suggested each Task Force participant should bring three written proposals to the next meeting.

Parties were strongly encouraged to bring ideas regarding the expansion of expanded local calling scopes to the next meeting.

III. Public Meetings

- Potential public meetings were not discussed in this meeting. It is anticipated public meetings will be discussed at the next meeting on July 21, 2004.

IV. Status Report due on July 15th

The Task Force recommends the status report due July 15, 2004 reflect that the Task Force has met three times and attach the notes/minutes of the first two meetings.

Next meeting: July 21, 2004 at 10 am in room 850 Harry S. Truman Building, Jefferson City.